Crate and Barrel

Retailing Report

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Carole and Gordon Segal went on their honeymoon, never realizing they would get the inspiration for a new business. They noticed the simple European style furniture stores and the good prices for the products. (Smith) These stores sparked an idea to bring this back with them to the States. The couple started planning and preparing to start up their new store. The Chicago area had an old elevator factory on Wells Street and this is where the magic started. It took them six months to convince the people living there at the time to move. Once the Segal’s got ownership of the place they had two weeks to set up shop before the Christmas season started. All the money they had went towards inventory. They used their creativity to find a way to display the items. Since they did not have the money to construct shelves and tables, so they made do with everything they had. All of the shipping materials, packages and crates, were used to create shelves. This is how Crate and Barrel got its name. It finally opened in 1962. (“About Us| Crate and Barrel”)

At the beginning of its life, Crate and Barrel did not start off on the right foot. Opening day they forgot a cash register. For four straight months it lost lots of money because Segal did not factor in his overhead. He sold most of the items at cost. (Smith) After the kinks were worked out, the store started moving toward the black.

The business thrived due to the relationships that were built with the customers. (“About Us| Crate and Barrel”) The shop focused on giving the customers good deals and treating them with respect. People loved the store and kept coming back.

1964 marked the first buying trip. (Sweeney) Crate and Barrel imported directly from European factories so that they were able to offer their customers the best prices. This was also the year that they opened their second store. It was located in suburban Wilmette. The third was in Oak Brook, which opened in 1971. 1971 Crate and Barrel opened a store in Boston, making it the first one to be located outside of the Chicago area. (Smith) The company sold 70% of itself to Michael Otto (Sweeney), Chairman of Otto Group of Hamburg, Germany in 1998. (Farfan) He is known to be a “gentlemanly, hands-off boss”. (Sweeney) This allowed them to still remain privately-owned. It is the second largest online retailer worldwide. When Segal retired the German group took sole ownership of the company. (Smith) 1999 was the year the store went global and online. CB2, a branch of Crate and Barrel which caters young adult furniture marketing segment, opened in 2000. CB2 partnered with Land of Nod one year later catering to the children’s furniture segment. (Smith) In 2008, Crate and Barrel expanded into Toronto and opened a home store. Everything became wholly-owned by Crate and Barrel in 2010. (“About Us| Crate and Barrel”) Crate and Barrel’s main competition consists of Restoration Hardware, Williams-Sonoma, Sur La Table, and Pier 1 Imports. (Smith)

Crate and Barrel Holdings, Inc. has about 5,200 employees. (“Crate and Barrel”) The staff is still known to be warm and friendly, with knowledge about the store. (“About Us| Crate and Barrel”) This is obvious in the mission statement: we went into business to make customers happy, to satisfy their needs. This is still the mission forty years later. They focus on the “3 P’s”, people, product, and presentation. So the mission statement is summed up as people plus product plus presentation equals happiness. “Segal’s philosophy is, ‘You only do beautiful work slowly and carefully. Don’t rush. Stay humble. Stay nervous.’” (Farfan)

Crate and Barrel is a multichannel retailer. They produce twenty catalogues a year. (“Crate and Barrel”) The headquarters are now located in Northbrook, Illinois. (Farfan) The first CEO was Mr. Segal and he resigned in 2008. He turned the position over to Barbara Turf who was a long time employee until 2012. Sascha Bopp was only third when he recently resigned August fourth of this year. He was the first German executive. According to Lewis Lazare from the Chicago Business Journal, Mr. Bopp was “dismissed…because of sluggish sales and employee discontent.” He was trying to expand into Mexico, Singapore, and Turkey but was delayed due to the recession. (Sweeney) Adrian Mitchell assumed interim leadership when Mr. Bopp abruptly resigned. Mitchell was originally the chief operating officer. Gordon Segal is coming out of retirement to help Mitchell. His goal is to help Crate and Barrel get its “mojo” back. (Lazare) Crate and Barrel’s year end was February twenty-eighth, and it had $1.4 billion which was down only 0.3%. (Sweeney)

Crate and Barrel sounds like an interesting store. I only heard about it this year, and my interest was piqued. Last semester I had to choose a major and I originally wanted to do interior design. Visiting the art department led me to realize that I was not cut out for the job, but I still liked the idea of doing something with interiors. This led me to Family and Consumer Sciences (FACS) and I chose interiors merchandising. When retailing opened up the opportunity for me to find out more about this store and its history, I dove straight into the research.

Upon discovering how the foundation of the store started with the Segal’s, I had hope for my own dream endeavors. I think it is amazing how they started the business for the customers, not to become rich. They worked on relationships instead of making the sale. (Smith) My own franchise would be the same way ideally. I want to cater to the needs of the people and allow them to have an utopia of sorts to which they could escape. Plus I would do my best to sell my products at the lowest price possible while still making enough to pay my overhead and have a profit.

Crate and Barrel has taught me that great things can come from simple ideas. I would love to visit the store and get a first-hand experience in dealing with the staff. Seeing the store layout and with my new understanding of how it all started as a store with great prices and friendly service with makeshift shelving to the masterpiece it is now, would be awe-inspiring.

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